

OSTER

Researching Services

12897 Colonial Dr • Mt Airy, Md 21771
301-253-6040

RECORDATION NO. 20378 FILED 1425

NOV 25 1996 - 12 55 PM

November 25, 1996

Mr. Vernon Williams
Secretary
Surface Transportation Board
12th & Constitution Avenue, N.W.
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recording with the Surface Transportation Board is a Security Agreement dated 11/18/96 between the following parties:

Secured Party: Norwest Equipment Finance, Inc.
Investors Building, #300
733 Marquette Avenue
Minneapolis, MN 55479

Debtor: NorRail, Inc.
303 12th Avenue South
Buffalo, MN 55313

The equipment included in this agreement is listed on Exhibit A to the Security Agreement.

Please record this agreement as a primary document. The filing fee of \$22 is enclosed.

Thank you for your assistance.

Sincerely,

Mary A Oster

Mary Ann Oster
Research Consultant

Enclosures

RECEIVED
SURFACE TRANSPORTATION
BOARD

NOV 25 12 50 PM '96

*Counter parts -
Dennis Kelly*

SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C. 20425-0001

11/25/96

Mary Ann Oster
Research Consultant
Oster Researching Services
12897 Colonial Drive
Mt. Airy, MD., 21771

Dear Madam:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 11/25/96 at 12:55PM, and assigned recordation number(s). 20378 and 20379.

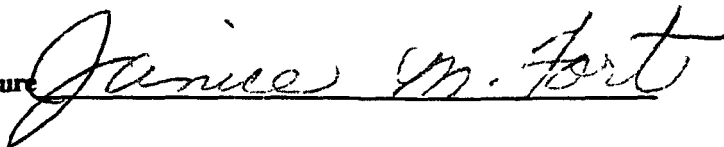
Sincerely yours,


Vernon A. Williams
Secretary

Enclosure(s)

\$ 44.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature



Security Agreement

RECORDATION NO. 20378 FILED 1425

NOV 25 1996 -12 55 PM

DATE November 18

19 96

DEBTOR	NorRail, Inc.	SECURED PARTY	Norwest Equipment Finance, Inc.
BUSINESS OR RESIDENCE ADDRESS	303 12th Avenue South	ADDRESS	Investors Building, Suite 300 733 Marquette Avenue
CITY, STATE & ZIP CODE	Buffalo, MN 55313	CITY, STATE & ZIP CODE	Minneapolis, MN 55479-2048

1. Security Interest and Collateral. To secure the payment and performance of each and every debt, liability and obligation of every type and description which Debtor may now or at any time hereafter owe to Secured Party (whether such debt, liability or obligation now exists or is hereafter created or incurred, whether it is currently contemplated by the Debtor and Secured Party, whether any documents evidencing it refer to this Security Agreement, whether it arises with or without any documents (e.g. obligations to Secured Party created by checking overdrafts), and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several, all such debts, liabilities and obligations being herein collectively referred to as the "Obligations"), Debtor hereby grants Secured Party a security interest (herein called the "Security Interest") in the following property (herein called the "Collateral") (check applicable boxes and complete information)

(a) INVENTORY

☐ All inventory of Debtor, whether now owned or hereafter acquired and wherever located.

(b) EQUIPMENT, FARM PRODUCTS AND CONSUMER GOODS

☐ All equipment of Debtor, whether now owned or hereafter acquired, including but not limited to all present and future machinery, vehicles, furniture, fixtures, manufacturing equipment, farm machinery and equipment, shop equipment, office and recordkeeping equipment, parts and tools, and the goods described in any equipment schedule or list herewith or hereafter furnished to Secured Party by Debtor (but no such schedule or list need be furnished in order for the security interest granted herein to be valid as to all of Debtor's equipment)

☐ All farm products of Debtor, whether now owned or hereafter acquired, including but not limited to (i) all poultry and livestock and their young, products thereof and produce thereof, (ii) all crops, whether annual or perennial, and the products thereof, and (iii) all feed, seed, fertilizer, medicines and other supplies used or produced by Debtor in farming operations, and (iv) any crop insurance payments and any government farm support payments, including any diversion or deficiency payments. The real estate concerned with the above described crops growing or to be grown is _____

and the name of the record owner is _____

☒ The following goods or types of goods See Attached Exhibit "A"

(c) ACCOUNTS AND OTHER RIGHTS TO PAYMENT

☐ Each and every right of Debtor to the payment of money, whether such right to payment now exists or hereafter arises, whether such right to payment arises out of a sale, lease or other disposition of goods or other property by Debtor, out of a rendering of services by Debtor, out of a loan by Debtor, out of the overpayment of taxes or other liabilities of Debtor, or otherwise arises under any contract or agreement, whether such right to payment is or is not already earned by performance, and howsoever such right to payment may be evidenced, together with all other rights and interests (including all liens and security interests) which Debtor may at any time have by law or agreement against any account debtor or other obligor obligated to make any such payment or against any of the property of such account debtor or other obligor, all including but not limited to all present and future debt instruments, chattel papers, accounts, loans and obligations receivable and tax refunds

☒ The: (i) specific lease schedules ("Lease Schedules") to the master leases ("Master Leases") referred to in said Exhibit B between the Debtor, as Lessor and the party named therein as lessee ("Lessee") and such Master Lease insofar as it relates to _____

(d) GENERAL INTANGIBLES

☐ All general intangibles of Debtor, whether now owned or hereafter acquired, including, but not limited to, applications for patents, patents, copyrights, trademarks, trade secrets, good will, tradenames, customers' lists, permits and franchises, and the right to use Debtor's name

together with all substitutions and replacements for and products of any of the foregoing property not constituting consumer goods and together with proceeds of any and all of the foregoing property and, in the case of all tangible Collateral, together with all accessions and, except in the case of consumer goods, together with (i) all accessories, attachments, parts, equipment and repairs now or hereafter attached or affixed to or used in connection with any such goods, and (ii) all warehouse receipts, bills of lading and other documents of title now or hereafter covering such goods

2. Representations, Warranties and Agreements. Debtor represents, warrants and agrees that

(a) Debtor is ☐ an individual, ☐ a partnership, ☒ a corporation and, if Debtor is an individual, the Debtor's residence is at the address of Debtor shown at the beginning of this Agreement

(b) The Collateral will be used primarily for ☐ personal, family or household purposes, ☐ farming operations, ☒ business purposes

(c) ☐ If any part or all of the tangible Collateral will become so related to particular real estate as to become a fixture, the real estate concerned is _____

and the name of the record owner is _____

(d) Debtor's chief executive office is located at _____ or, if left blank, at the address of Debtor shown at the beginning of this Agreement

THIS AGREEMENT CONTAINS ADDITIONAL PROVISIONS SET FORTH ON THE REVERSE SIDE HEREOF, ALL OF WHICH ARE MADE A PART HEREOF.

Norwest Equipment Finance, Inc.

Secured Party's Name

By
Title

Paul J. Goehlf
Vice President

NorRail, Inc.

Debtor's Name

By
Title

Paul J. Goehlf
President

By

Title

* (ii) future Lease Schedules and Master Leases (insofar as such Master Leases relate to and incorporate such future Lease Schedules) which specifically reference one or more of the Railcars, and (iii) all rental payments and other amounts payable hereafter under such Lease Schedule by Lessee to the Debtor ("Lease Payments").

ADDITIONAL PROVISIONS

3 Additional Representations, Warranties and Agreements Debtor represents, warrants and agrees that

(a) Debtor has (or will have at the time Debtor acquires rights in Collateral hereafter arising) absolute title to each item of Collateral free and clear of all security interests, liens and encumbrances, except the Security Interest and will defend the Collateral against all claims or demands of all persons other than Secured Party. Debtor will not sell or otherwise dispose of the Collateral or any interest therein without the prior written consent of Secured Party except that until the occurrence of an Event of Default and the revocation by Secured Party of Debtor's right to do so, Debtor may sell any inventory constituting Collateral to buyers in the ordinary course of business and use and consume any farm products constituting Collateral in Debtor's farming operation. If Debtor is a corporation this Agreement has been duly and validly authorized by all necessary corporate action and if Debtor is a partnership the partner(s) executing this Agreement has (have) authority to act for the partnership.

(b) Debtor will not permit any tangible Collateral to be located in any state (and if county filing is required, in any county) in which a financing statement covering such Collateral is required to be but has not in fact been filed in order to perfect the Security Interest.

(c) Each right to payment and each instrument, document, chattel paper and other agreement constituting or evidencing Collateral is (or will be when arising or issued) the valid, genuine and legally enforceable obligation, subject to no defense, set off or counterclaim (other than those arising in the ordinary course of business) of the account debtor or other obligor named therein or in Debtor's records pertaining thereto as being obligated to pay such obligation. Debtor will neither agree to any material modification or amendment nor agree to any cancellation of any such obligation without Secured Party's prior written consent and will not subordinate any such right to payment to claims of other creditors of such account debtor or other obligor.

(d) Debtor will (i) keep all tangible Collateral in good repair, working order and condition, normal depreciation excepted, and will from time to time replace any worn, broken or defective parts thereof; (ii) promptly pay all taxes and other governmental charges levied or assessed upon or against any Collateral or upon or against the creation, perfection or continuance of the Security Interest; (iii) keep all Collateral free and clear of all security interests, liens and encumbrances except the Security Interest; (iv) at all reasonable times permit Secured Party or its representatives to examine or inspect any Collateral wherever located and to examine, inspect and copy Debtor's books and records pertaining to the Collateral and its business and financial condition and to discuss with account debtors and other obligors requests for verifications of amounts owed to Debtor; (v) keep accurate and complete records pertaining to the Collateral and pertaining to Debtor's business and financial condition and submit to Secured Party such periodic reports concerning the Collateral and Debtor's business and financial condition as Secured Party may from time to time reasonably request; (vi) promptly notify Secured Party of any loss of or material damage to any Collateral or of any adverse change known to Debtor in the prospect of payment of any sums due on or under any instrument, chattel paper, or account constituting Collateral; (vii) if Secured Party at any time so requests (whether the request is made before or after the occurrence of an Event of Default) promptly deliver to Secured Party any instrument, document or chattel paper constituting Collateral duly endorsed or assigned by Debtor; (viii) at all times keep all tangible Collateral insured against risks of fire (including so-called extended coverage), theft, collision (in case of Collateral consisting of motor vehicles) and such other risks and in such amounts as Secured Party may reasonably request, with any loss payable to Secured Party to the extent of its interest; (ix) from time to time execute such financing statements as Secured Party may reasonably require in order to perfect the Security Interest and, if any Collateral consists of a motor vehicle, execute such documents as may be required to have the Security Interest properly noted on a certificate of title; (x) pay when due or reimburse Secured Party on demand for all costs of collection of any of the Obligations and all other out-of-pocket expenses (including in each case all reasonable attorneys' fees) incurred by Secured Party in connection with the creation, perfection, satisfaction, protection, defense or enforcement of the Security Interest or the creation, continuance, protection, defense or enforcement of this Agreement or any or all of the Obligations, including expenses incurred in any litigation or bankruptcy or insolvency proceedings; (xi) execute, deliver or endorse any and all instruments, documents, assignments, security agreements and other agreements and writings which Secured Party may at any time reasonably request in order to secure, protect, perfect or enforce the Security Interest and Secured Party's rights under this Agreement; (xii) not use or keep any Collateral, or permit it to be used or kept, for any unlawful purpose or in violation of any federal, state or local law, statute or ordinance; (xiii) permit Secured Party at any time and from time to time to send requests (both before and after the occurrence of an Event of Default) to account debtors or other obligors for verification of amounts owed to Debtor; and (xiv) not permit any tangible Collateral to become part of or to be affixed to any real property without first assuring to the reasonable satisfaction of Secured Party that the Security Interest will be prior and senior to any interest or lien then held or thereafter acquired by any mortgagee of such real property or the owner or purchaser of any interest therein. If Debtor at any time fails to perform or observe any agreement contained in this Section 3(d), and if such failure shall continue for a period of ten calendar days after Secured Party gives Debtor written notice thereof (or in the case of the agreements contained in clauses (viii) and (ix) of this Section 3(d) immediately upon the occurrence of such failure, without notice or lapse of time), Secured Party may (but need not) perform or observe such agreement on behalf and in the name, place and stead of Debtor (or, at Secured Party's option, in Secured Party's own name) and may (but need not) take any and all other actions which Secured Party may reasonably deem necessary to cure or correct such failure (including, without limitation, the payment of taxes, the satisfaction of security interests, liens, or encumbrances, the performance of obligations under contracts or agreements with account debtors or other obligors, the procurement and maintenance of insurance, the execution of financing statements, the endorsement of instruments, and the procurement of repairs, transportation or insurance) and except to the extent that the effect of such payment would be to render any loan or forbearance of money usurious or otherwise illegal under any applicable law, Debtor shall thereupon pay Secured Party on demand the amount of all moneys expended and all costs and expenses (including reasonable attorneys' fees) incurred by Secured Party in connection with or as a result of Secured Party's performing or observing such agreements or taking such actions, together with interest thereon from the date expended or incurred by Secured Party at the highest rate then applicable to any of the Obligations. To facilitate the performance or observance by Secured Party of such agreements of Debtor, Debtor hereby irrevocably appoints (which appointment is coupled with an interest) Secured Party or its delegate, as the attorney in fact of Debtor with the right (but not the duty) from time to time to create, prepare, complete, execute, deliver, endorse or file, in the name and on behalf of Debtor, any and all instruments, documents, financing statements, applications for insurance and other agreements and writings required to be obtained, executed, delivered or endorsed by Debtor under this Section 3 and Section 4.

* after the occurrence of an Event of Default. (Int. _____)

4 Lock Box, Collateral Account If Secured Party so requests at any time, Debtor shall, before and after the occurrence of an Event of Default, deliver to Secured Party a special lock box to be used under the control of Secured Party. Debtor hereby authorizes and directs Secured Party to deposit into a special collateral account to be established and maintained with Secured Party all checks, drafts and cash payments received in said lock box. All deposits in said collateral account shall constitute proceeds of Collateral and shall not constitute payment of any Obligation. At its option, Secured Party may at any time apply finally collected funds on deposit in said collateral account to the payment of the Obligations in such order of application as Secured Party may determine, or permit Debtor to withdraw all or any part of the balance on deposit in said collateral account. If a collateral account is so established, Debtor agrees that it will promptly deliver to Secured Party, for deposit into said collateral account, all payments on accounts and chattel paper received by it. All such payments shall be delivered to Secured Party in the form received (except for Debtor's endorsement where necessary). Until so deposited, all payments on accounts and chattel paper received by Debtor shall be held in trust by Debtor for and as the property of Secured Party and shall not be commingled with any funds or property of Debtor.

** after the occurrence of an Event of Default. (Int. _____)

5 Collection Rights of Secured Party Notwithstanding Secured Party's rights under Section 4 with respect to any and all debt instruments, chattel papers, accounts and other rights to payment constituting Collateral (including proceeds), Secured Party may, at any time (both before and after the occurrence of an Event of Default), notify any account debtor, or any other person obligated to pay any amount due that such chattel paper, account or other right to payment has been assigned or transferred to Secured Party for security and shall be paid directly to Secured Party. If Secured Party so requests at any time, Debtor will so notify such account debtors and other obligors in writing and will indicate on all invoices to such account debtors or other obligors that the amount due is payable directly to Secured Party. At any time after Secured Party or Debtor gives such notice to an account debtor or other obligor, Secured Party may (but need not), in its own name or in Debtor's name, demand, sue for, collect or receive any money or property at any time payable or receivable on account of, or securing, any such chattel paper, account, or other right to payment, or grant any extension to, make any compromise or settlement with or otherwise agree to, waive, modify, amend or change the obligations (including collateral obligations) of any such account debtor or other obligor.

6 Assignment of Insurance Debtor hereby assigns to Secured Party, as additional security for the payment of the Obligations, any and all moneys (including but not limited to proceeds of insurance and refunds of unearned premiums) due or to become due under, and all other rights of Debtor under or with respect to, any and all policies of insurance covering the Collateral, and Debtor hereby directs the issuer of any such policy to pay any such moneys directly to Secured Party. Both before and after the occurrence of an Event of Default, Secured Party may (but need not), in its own name or in Debtor's name, execute and deliver proofs of claim, receive all such moneys, endorse checks and other instruments representing payment of such moneys, and adjust, litigate, compromise or release any claim against the issuer of any such policy.

7 Events of Default Each of the following occurrences shall constitute an event of default under this Agreement (herein called "Event of Default"): (i) Debtor shall fail to pay any or all of the Obligations when due or (if payable on demand) on demand, or shall fail to observe or perform any covenant or agreement herein binding on it; (ii) any representation or warranty by Debtor set forth in this Agreement or made to Secured Party in any financial statements or reports submitted to Secured Party by or on behalf of Debtor shall prove materially false or misleading; (iii) a garnishment, summons or a writ of attachment shall be issued against or served upon the Secured Party for the attachment of any property of the Debtor or any indebtedness owing to Debtor; (iv) Debtor or any guarantor of any Obligation shall (A) be or become insolvent (however defined) or (B) voluntarily file, or have filed against it involuntarily, a petition under the United States Bankruptcy Code, or (C) if a corporation, partnership, or organization, be dissolved or liquidated or, if a partnership, suffer the death of a partner or if an individual, die, or (D) go out of business; or (E) Secured Party shall in good faith believe that the prospect of non-payment of any or all of the Obligations is impaired.

(Int. _____)

8 Remedies upon Event of Default Upon the occurrence of an Event of Default under Section 7 and at any time thereafter, Secured Party may exercise any one or more of the following rights and remedies: (i) declare all unmatured Obligations to be immediately due and payable, and the same shall thereupon be immediately due and payable, without presentment or other notice or demand; (ii) exercise and enforce any or all rights and remedies available upon default to a secured party under the Uniform Commercial Code, including but not limited to the right to take possession of any Collateral, proceeding without judicial process or by judicial process (without a prior hearing or notice thereof, which Debtor hereby expressly waives) and the right to sell, lease or otherwise dispose of any or all of the Collateral, and in connection therewith, Secured Party may require Debtor to make the Collateral available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties, and if notice to Debtor of any intended disposition of Collateral or any other intended action is required by law in a particular instance, such notice shall be deemed commercially reasonable if given (in the manner specified in Section 10) at least 10 calendar days prior to the date of intended disposition or other action; (iii) exercise or enforce any or all other rights or remedies available to Secured Party by law or agreement against the Collateral, against Debtor or against any other person or property. Upon the occurrence of the Event of Default described in Section 7(iv) (B), all Obligations shall be immediately due and payable without demand or notice thereof. Secured Party is hereby granted a nonexclusive, worldwide and royalty free license to use or otherwise exploit all trademarks, trade secrets, franchises, copyrights and patents of Debtor that Secured Party deems necessary or appropriate to the disposition of any Collateral.

9 Other Personal Property Unless at the time Secured Party takes possession of any tangible Collateral or within seven days thereafter, Debtor gives written notice to Secured Party of the existence of any goods, papers or other property of Debtor not affixed to or constituting a part of such Collateral, but which are located or found upon or within such Collateral, describing such property, Secured Party shall not be responsible or liable to Debtor for any action taken or omitted by or on behalf of Secured Party with respect to such property without actual knowledge of the existence of any such property or without actual knowledge that it was located or to be found upon or within such Collateral.

10 Miscellaneous This Agreement does not contemplate a sale of accounts or chattel paper. Debtor agrees that each provision whose box is checked is part of this Agreement. This Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by Secured Party. A waiver signed by Secured Party shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any of Secured Party's rights or remedies. All rights and remedies of Secured Party shall be cumulative and may be exercised singularly or concurrently, at Secured Party's option, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other. All notices to be given to Debtor shall be deemed sufficiently given if delivered or mailed by registered or certified mail, postage prepaid, to Debtor at its address set forth above or at the most recent address shown on Secured Party's records. Secured Party's duty of care with respect to Collateral in its possession (as imposed by law) shall be deemed fulfilled if Secured Party exercises reasonable care in physically safekeeping such Collateral or in the case of Collateral in the custody or possession of a bailee or other third person, exercises reasonable care in the selection of the bailee or other third person, and Secured Party need not otherwise preserve, protect, insure or care for any Collateral. Secured Party shall not be obligated to preserve any rights Debtor may have against prior parties to realize on the Collateral at all or in any particular manner or order, or to apply any cash proceeds of Collateral in any particular order of application. This Agreement shall be binding upon and inure to the benefit of Debtor and Secured Party and their respective heirs, representatives, successors and assigns and shall take effect when signed by Debtor and delivered to Secured Party and Debtor waives notice of Secured Party's acceptance hereof. Secured Party may execute this Agreement if appropriate for the purpose of filing, but the failure of Secured Party to execute this Agreement shall not affect or impair the validity or effectiveness of this Agreement. A carbon, photographic or other reproduction of this Agreement or of any financing statement signed by the Debtor shall have the same force and effects as the original for all purposes of a financing statement. Except to the extent otherwise required by law, this Agreement shall be governed by the internal laws of the state named as part of Secured Party's address above. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the creation and payment of the Obligations. If this Agreement is signed by more than one person as Debtor, the term "Debtor" shall refer to each of them separately and to both or all of them jointly. All such persons shall be bound both severally and jointly with the other(s) and the Obligations shall include all debts, liabilities and obligations owed to Secured Party by any Debtor, singly or by both or several or all Debtors jointly or jointly and severally, and all property described in Section 1 shall be included as part of the Collateral whether it is owned jointly by both or all Debtors or is owned whole or in part by one (or more) of them.

Security Agreement

20378

20378

DATE November 18 19 96

DEBTOR	NorRail, Inc.	SECURED PARTY	Norwest Equipment Finance, Inc.
BUSINESS OR RESIDENCE ADDRESS	303 12th Avenue South	ADDRESS	Investors Building, Suite 300 733 Marquette Avenue
CITY, STATE & ZIP CODE	Buffalo, MN 55313	CITY, STATE & ZIP CODE	Minneapolis, MN 55479-2048

1. **Security Interest and Collateral.** To secure the payment and performance of each and every debt, liability and obligation of every type and description which Debtor may now or at any time hereafter owe to Secured Party (whether such debt, liability or obligation now exists or is hereafter created or incurred, whether it is currently contemplated by the Debtor and Secured Party, whether any documents evidencing it refer to this Security Agreement, whether it arises with or without any documents (e.g. obligations to Secured Party created by checking overdrafts), and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several, all such debts, liabilities and obligations being herein collectively referred to as the "Obligations"), Debtor hereby grants Secured Party a security interest (herein called the "Security Interest") in the following property (herein called the "Collateral") (check applicable boxes and complete information)

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☐ All farm products of Debtor, whether now owned or hereafter acquired, including but not limited to (i) all poultry and livestock and their young, products thereof and produce thereof, (ii) all crops, whether annual or perennial, and the products thereof, and (iii) all feed, seed, fertilizer, medicines and other supplies used or produced by Debtor in farming operations, and (iv) any crop insurance payments and any government farm support payments, including any diversion or deficiency payments. The real estate concerned with the above described crops growing or to be grown is _____

and the name of the record owner is _____

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☐ Each and every right of Debtor to the payment of money, whether such right to payment now exists or hereafter arises, whether such right to payment arises out of a sale, lease or other disposition of goods or other property by Debtor, out of a rendering of services by Debtor, out of a loan by Debtor, out of the overpayment of taxes or other liabilities of Debtor, or otherwise arises under any contract or agreement, whether such right to payment is or is not already earned by performance, and howsoever such right to payment may be evidenced, together with all other rights and interests (including all liens and security interests) which Debtor may at any time have by law or agreement against any account debtor or other obligor obligated to make any such payment or against any of the property of such account debtor or other obligor, all including but not limited to all present and future debt instruments, chattel papers, accounts, loans and obligations receivable and tax refunds

☒ The: (i) specific lease schedules ("Lease Schedules") to the master leases ("Master Leases") referred to in said Exhibit B between the Debtor, as Lessor and the party named therein as lessee ("Lessee") and such Master Lease insofar as it relates to and incorporates the Lease Schedule (together, the "Lease"; *

(d) GENERAL INTANGIBLES

☒ All general intangibles of Debtor, whether now owned or hereafter acquired, including, but not limited to, applications for patents, patents, copyrights, trademarks, trade secrets, good will, tradenames, customers' lists, permits and franchises, and the right to use Debtor's name

together with all substitutions and replacements for and products of any of the foregoing property not constituting consumer goods and together with proceeds of any and all of the foregoing property and, in the case of all tangible Collateral, together with all accessions and, except in the case of consumer goods, together with (i) all accessories, attachments, parts, equipment and repairs now or hereafter attached or affixed to or used in connection with any such goods, and (ii) all warehouse receipts, bills of lading and other documents of title now or hereafter covering such goods

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(a) Debtor is ☐ an individual, ☐ a partnership, ☒ a corporation and, if Debtor is an individual, the Debtor's residence is at the address of Debtor shown at the beginning of this Agreement

(b) The Collateral will be used primarily for ☐ personal, family or household purposes, ☐ farming operations, ☒ business purposes

(c) ☐ If any part or all of the tangible Collateral will become so related to particular real estate as to become a fixture, the real estate concerned is _____

and the name of the record owner is _____

(d) Debtor's chief executive office is located at _____ or, if left blank, at the address of Debtor shown at the beginning of this Agreement

THIS AGREEMENT CONTAINS ADDITIONAL PROVISIONS SET FORTH ON THE REVERSE SIDE HEREOF, ALL OF WHICH ARE MADE A PART HEREOF.

Norwest Equipment Finance, Inc.
Secured Party's Name

NorRail, Inc.
Debtor's Name

By
Title

Rich J. Gorch
Vice President

By
Title

[Signature]
President

By
Title

* (ii) future Lease Schedules and Master Leases (insofar as such Master Leases relate to and incorporate such future Lease Schedules) which specifically reference one or more of the Railcars, and (iii) all rental payments and other amounts payable hereafter under such Lease Schedule by Lessee to the Debtor ("Lease Payments").

ADDITIONAL PROVISIONS

3 Additional Representations, Warranties and Agreements Debtor represents warrants and agrees that

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(b) Debtor will not permit any tangible Collateral to be located in any state (and if county filing is required in any county) in which a financing statement covering such Collateral is required to be, but has not in fact been filed in order to perfect the Security Interest.

(c) Each right to payment and each instrument, document, chattel paper and other agreement constituting or evidencing Collateral is (or will be when arising or issued) the valid, genuine and legally enforceable obligation, subject to no defense, set-off or counterclaim (other than those arising in the ordinary course of business) of the account debtor or other obligor named therein or in Debtor's records pertaining thereto as being obligated to pay such obligation. Debtor will neither agree to any material modification or amendment nor agree to any cancellation of any such obligation without Secured Party's prior written consent, and will not subordinate any such right to payment to claims of other creditors of such account debtor or other obligor.

(d) Debtor will (i) keep all tangible Collateral in good repair working order and condition normal depreciation excepted and will, from time to time replace any worn broken or defective parts thereof (ii) promptly pay all taxes and other governmental charges levied or assessed upon or against any Collateral or upon or against the creation perfection or continuance of the Security Interest, (iii) keep all Collateral free and clear of all security interests liens and encumbrances except the Security Interest, (iv) at all reasonable times, permit Secured Party or its representatives to examine or inspect any Collateral wherever located and to examine inspect and copy Debtor's books and records pertaining to the Collateral and its business and financial condition and to discuss with account debtors and other obligors requests for verifications of amounts owed to Debtor (v) keep accurate and complete records pertaining to the Collateral and pertaining to Debtor's business and financial condition and submit to Secured Party such periodic reports concerning the Collateral and Debtor's business and financial condition as Secured Party may from time to time reasonably request (vi) promptly notify Secured Party of any loss of or material damage to any Collateral or of any adverse change known to Debtor in the prospect of payment of any sums due on or under any instrument, chattel paper, or account constituting Collateral (vii) if Secured Party at any time so requests (whether the request is made before or after the occurrence of an Event of Default) promptly deliver to Secured Party any instrument document or chattel paper constituting Collateral duly endorsed or assigned by Debtor, (viii) at all times keep all tangible Collateral insured against risks of fire (including so-called extended coverage), theft, collision (in case of Collateral consisting of motor vehicles) and such other risks and in such amounts as Secured Party may reasonably request, with any loss payable to Secured Party to the extent of its interest (ix) from time to time execute such financing statements as Secured Party may reasonably require in order to perfect the Security Interest and, if any Collateral consists of a motor vehicle, execute such documents as may be required to have the Security Interest properly noted on a certificate of title (x) pay when due or reimburse Secured Party on demand for all costs of collection of any of the Obligations and all other out of pocket expenses (including in each case all reasonable attorneys' fees) incurred by Secured Party in connection with the creation perfection satisfaction protection defense or enforcement of the Security Interest or the creation, continuance protection defense or enforcement of this Agreement or any or all of the Obligations including expenses incurred in any litigation or bankruptcy or insolvency proceedings (xi) execute deliver or endorse any and all instruments documents assignments security agreements and other agreements and writings which Secured Party may at any time reasonably request in order to secure protect perfect or enforce the Security Interest and Secured Party's rights under this Agreement (xii) not use or keep any Collateral, or permit it to be used or kept for any unlawful purpose or in violation of any federal state or local law statute or ordinance (xiii) permit Secured Party at any time and from time to time to send requests (both before and after the occurrence of an Event of Default) to account debtors or other obligors for verification of amounts owed to Debtor and (xiv) not permit any tangible Collateral to become part of or to be affixed to any real property without first assuring to the reasonable satisfaction of Secured Party that the Security Interest will be prior and senior to any interest or lien then held or thereafter acquired by any mortgagee of such real property or the owner or purchaser of any interest therein If Debtor at any time fails to perform or observe any agreement contained in this Section 3(d), and if such failure shall continue for a period of ten calendar days after Secured Party gives Debtor written notice thereof (or in the case of the agreements contained in clauses (viii) and (ix) of this Section 3(d) immediately upon the occurrence of such failure, without notice or lapse of time), Secured Party may (but need not) perform or observe such agreement on behalf and in the name, place and stead of Debtor (or at Secured Party's option in Secured Party's own name) and may (but need not) take any and all other actions which Secured Party may reasonably deem necessary to cure or correct such failure (including, without limitation the payment of taxes, the satisfaction of security interests, liens, or encumbrances, the performance of obligations under contracts or agreements with account debtors or other obligors, the procurement and maintenance of insurance the execution of financing statements, the endorsement of instruments and the procurement of repairs transportation or insurance) and except to the extent that the effect of such payment would be to render any loan or forbearance of money usurious or otherwise illegal under any applicable law Debtor shall thereupon pay Secured Party on demand the amount of all moneys expended and all costs and expenses (including reasonable attorneys' fees) incurred by Secured Party in connection with or as a result of Secured Party's performing or observing such agreements or taking such actions together with interest thereon from the date expended or incurred by Secured Party at the highest rate then applicable to any of the Obligations To facilitate the performance or observance by Secured Party of such agreements of Debtor Debtor hereby irrevocably appoints (which appointment is coupled with an interest) Secured Party or its delegate as the attorney in fact of Debtor with the right (but not the duty) from time to time to create prepare complete execute deliver, endorse or file, in the name and on behalf of Debtor any and all instruments documents financing statements applications for insurance and other agreements and writings required to be obtained executed delivered or endorsed by Debtor under this Section 3 and Section 4 *after the occurrence of an Event of Default. (Int 4/10)

4. **Lock Box, Collateral Account** If Secured Party so requests at any time ~~by written notice to Debtor~~, Debtor will direct each of its account debtors to make payments due under the relevant account or chattel paper directly to a special lock box to be under the control of Secured Party. Debtor hereby authorizes and directs Secured Party to deposit into a special collateral account to be established and maintained with Secured Party all checks, drafts and cash payments received in said lock box. All deposits in said collateral account shall constitute proceeds of Collateral and shall not constitute payment of any Obligation. At its option, Secured Party may at any time, apply finally collected funds on deposit in said collateral account to the payment of the Obligations in such order of application as Secured Party may determine, or permit Debtor to withdraw all or any part of the balance on deposit in said collateral account. If a collateral account is so established, Debtor agrees that it will promptly deliver to Secured Party for deposit into said collateral account all payments on accounts and chattel paper received by it. All such payments shall be delivered to Secured Party in the form received (except for Debtor's endorsement where necessary). Until so deposited, all payments on accounts and chattel paper received by Debtor shall be held in trust by Debtor for and as the property of Secured Party and shall not be commingled with any funds or property of Debtor. **** after the occurrence of an Event of Default.** (Int *me*)

5 Collection Rights of Secured Party Notwithstanding Secured Party's rights under Section 4 with respect to any and all debt instruments, chattel papers, accounts, and other rights to payment constituting Collateral (including proceeds), Secured Party may, at any time, ~~without notice to the Debtor or Debtor's agent~~ ^{upon the occurrence of an Event of Default} notify any account debtor or any other person obligated to pay any amount due that such chattel paper, account, or other right to payment has been assigned or transferred to Secured Party for security and shall be paid directly to Secured Party. If Secured Party so requests at any time, Debtor will so notify such account debtors and other obligors in writing and will indicate on all invoices to such account debtors or other obligors that the amount due is payable directly to Secured Party. At any time after Secured Party or Debtor gives such notice to an account debtor or other obligor, Secured Party may (but need not), in its own name or in Debtor's name, demand, sue for, collect or receive any money or property at any time payable or receivable on account of, or securing, any such chattel paper, account, or other right to payment, or grant any extension to, make any compromise or settlement with or otherwise agree to waive, modify, amend or change the obligations (including collateral obligations) of any such account debtor or other obligor.

6 Assignment of Insurance Debtor hereby assigns to Secured Party, as additional security for the payment of the Obligations, any and all moneys (including but not limited to proceeds of insurance and refunds of unearned premiums) due or to become due under and all other rights of Debtor under or with respect to, any and all policies of insurance covering the Collateral, and Debtor hereby directs the issuer of any such policy to pay any such moneys directly to Secured Party. Both before and after the occurrence of an Event of Default, Secured Party may (but need not), in its own name or in Debtor's name, execute and deliver proofs of claim, receive all such moneys, endorse checks and other instruments representing payment of such moneys, and adjust, litigate, compromise or release any claim against the issuer of any such policy.

7 Events of Default Each of the following occurrences shall constitute an event of default under this Agreement (herein called "Event of Default") (i) Debtor shall fail to pay any or all of the Obligations when due or (if payable on demand) on demand or shall fail to observe or perform any covenant or agreement herein binding on it, (ii) any representation or warranty by Debtor set forth in this Agreement or made to Secured Party in any financial statements or reports submitted to Secured Party by or on behalf of Debtor shall prove materially false or misleading, (iii) a garnishment, summons or a writ of attachment shall be issued against or served upon the Secured Party for the attachment of any property of the Debtor or any indebtedness owing to Debtor (iv) Debtor or any guarantor of any Obligation shall (A) be or become insolvent (however defined) or (B) voluntarily file or have filed against it involuntarily, a petition under the United States Bankruptcy Code or (C) if a corporation, partnership or organization, be dissolved or liquidated or, if a partnership suffer the death of a partner or, if an individual die or (D) go out of business or (v) Secured Party shall in good faith believe that the Debtor is unable to pay its debts as they become due.

8 Remedies upon Event of Default Upon the occurrence of an Event of Default under Section 7 and at any time thereafter, Secured Party may exercise any one or more of the following rights and remedies (i) declare all unmatured Obligations to be immediately due and payable and the same shall thereupon be immediately due and payable, without presentment or other notice or demand, (ii) exercise and enforce any or all rights and remedies available upon default to a secured party under the Uniform Commercial Code including but not limited to the right to take possession of any Collateral, proceeding without judicial process or by judicial process (without a prior hearing or notice thereof, which Debtor hereby expressly waives) and the right to sell lease or otherwise dispose of any or all of the Collateral and in connection therewith Secured Party may require Debtor to make the Collateral available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties, and if notice to Debtor of any intended disposition of Collateral or any other intended action is required by law in a particular instance, such notice shall be deemed commercially reasonable if given (in the manner specified in Section 10) at least 10 calendar days prior to the date of intended disposition or other action (iii) exercise or enforce any or all other rights or remedies available to Secured Party by law or agreement against the Collateral against Debtor or against any other person or property Upon the occurrence of the Event of Default described in Section 7(iv) (B), all Obligations shall be immediately due and payable without demand or notice thereof Secured Party is hereby granted a nonexclusive worldwide and royalty-free license to use or otherwise exploit all trademarks, trade secrets, franchises copyrights and patents of Debtor that Secured Party deems necessary or appropriate to the disposition of any Collateral

9 Other Personal Property Unless at the time Secured Party takes possession of any tangible Collateral, or within seven days thereafter, Debtor gives written notice to Secured Party of the existence of any goods, papers or other property of Debtor not affixed to or constituting a part of such Collateral, but which are located or found upon or within such Collateral, describing such property, Secured Party shall not be responsible or liable to Debtor for any action taken or omitted by or on behalf of Secured Party with respect to such property without actual knowledge of the existence of any such property or without actual knowledge that it was located or to be found upon or within such Collateral

10 Miscellaneous This Agreement does not contemplate a sale of accounts, or chattel paper. Debtor agrees that each provision whose box is checked is part of this Agreement. This Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by Secured Party. A waiver signed by Secured Party shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any of Secured Party's rights or remedies. All rights and remedies of Secured Party shall be cumulative and may be exercised singularly or concurrently, at Secured Party's option, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other. All notices to be given to Debtor shall be deemed sufficiently given if delivered or mailed by registered or certified mail, postage prepaid, to Debtor at its address set forth above or at the most recent address shown on Secured Party's records. Secured Party's duty of care with respect to Collateral in its possession (as imposed by law) shall be deemed fulfilled if Secured Party exercises reasonable care in physically safeguarding such Collateral or in the case of Collateral in the custody or possession of a bailee or other third person, exercises reasonable care in the selection of the bailee or other third person, and Secured Party need not otherwise preserve, protect, insure or care for any Collateral. Secured Party shall not be obligated to preserve any rights Debtor may have against prior parties to realize on the Collateral at all or in any particular manner or order, or to apply any cash proceeds of Collateral in any particular order of application. This Agreement shall be binding upon and inure to the benefit of Debtor and Secured Party and their respective heirs, representatives, successors and assigns and shall take effect when signed by Debtor and delivered to Secured Party, and Debtor waives notice of Secured Party's acceptance hereof. Secured Party may execute this Agreement if appropriate for the purpose of filing, but the failure of Secured Party to execute this Agreement shall not affect or impair the validity or effectiveness of this Agreement. A carbon, photographic or other reproduction of this Agreement or of any financing statement signed by the Debtor shall have the same force and effect as the original for all purposes of a financing statement. Except to the extent otherwise required by law, this Agreement shall be governed by the internal laws of the state named as part of Secured Party's address above. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the creation and payment of the Obligations. If this Agreement is signed by more than one person as Debtor, the term "Debtor" shall refer to each of them separately and to both or all of them jointly; all such persons shall be bound both severally and jointly with the other(s), and the Obligations shall include all debts, liabilities and obligations owed to Secured Party by any Debtor solely or by both or several or all Debtors jointly or jointly and severally, and all property described in Section 1 shall be included as part of the Collateral, whether it is owned jointly by both or all Debtors or is owned in whole or in part by one (or more) of them.

ADDENDUM TO SECURITY AGREEMENT

This Addendum is made and entered into this 18 day of November, 1996 with reference to that certain Security Agreement dated November 18, 1996 (herein referred to as the "Agreement") which Agreement is being entered into contemporaneously herewith by and between Norwest Equipment Finance, Inc., as "Secured Party" and NorRail, Inc., as "Debtor".

1. Secured Party hereby acknowledges that Debtor is in the business of leasing railcars to others, and that debtor has heretofore, and may hereafter, lease the railcars described on Exhibit A (herein referred to as the "Railcars") to others (herein referred to as "Lessees") in the normal course of its business pursuant to certain leases (each herein referred to as "Leases"). Secured Party hereby agrees that Debtor may, as part of the terms of any Lease, provide that the Lessee shall maintain the Railcars, pay some or all of the costs incurred in connection with the use and operation of the Railcars during the term of such Lease, including but not limited to, insurance, repairs, maintenance, storage and servicing. Such agreement by Secured Party, however, shall not be deemed to release Debtor from any of its obligations to Secured Party pursuant to the Agreement.

2. Secured Party's right of inspection set forth in Section 3(d)(iv) of the Agreement shall be subject to the rights of Lessees during the term of the Leases. Debtor hereby agrees to use its best efforts to cause its Lessees to cooperate with Secured Party in connection with inspection of Railcars subject to Leases.

3. Whenever in the Agreement Debtor is expressly obligated to notify Secured Party or to take any other action immediately or promptly upon the occurrence of any event affecting any Railcar, Debtor's obligation shall be limited (in respect to any Railcar that is, at the time of occurrence of the event giving rise to the obligation, to give notice or take other action, subject to a Lease) to an obligation to notify Secured Party or to take the action otherwise specified in the Agreement immediately or promptly, as the case may be, after receiving notice from its Lessee or acquiring actual knowledge (whichever shall first occur) of the event giving rise to the obligation to give notice or take such other action.


4. Secured Party hereby covenants that, so long as the Lessee under any Lease shall perform all of the terms, covenants and conditions thereof (whether or not there shall have occurred an event of default under the Agreement), Secured Party, and its successors and assigns, will not disturb such Lessee's peaceable and quiet possession and use of the Railcars during the term of such Leases.

5. In the event that any Railcar shall suffer irreparable damage, loss or destruction, Debtor shall make a partial prepayment of the loan pro rata in accordance with the percentage which such irreparably damaged, lost or destroyed car bears to the total number of Railcars then constituting the Collateral. Such mandatory prepayment shall be accompanied by accrued interest, without premium, and the remaining payments shall be adjusted accordingly. In addition, Debtor may make voluntary prepayments of the loan, in whole or part, provided that any such voluntary prepayment shall be accompanied by an amount equal to 2% of the principal amount being prepaid.

6. Any capitalized terms used in this Addendum and not otherwise defined shall have the meanings set forth in the Agreement. The Agreement shall continue in full force and effect as supplemented and amended hereby.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date first indicated above.

NORWEST EQUIPMENT FINANCE, INC.

By 
Its Vice President

NORRAIL, INC.



By X 
Its X 

EXHIBIT "A"
to Security Agreement dated November 18, 1996
(Loan No. 23167-702)

74 Rail Cars Described as Follows:
4750 Cu. Ft. Covered Hoppers

ORIG CAR #	NEW CAR #
FPPX008001	NRLX047500
FPPX008002	NRLX047501
FPPX008003	NRLX047502
FPPX008004	NRLX047503
FPPX008005	NRLX047504
FPPX008006	NRLX047505
FPPX008007	NRLX047506
FPPX008008	NRLX047507
FPPX008009	NRLX047508
FPPX008010	NRLX047509
FPPX008011	NRLX047510
FPPX008012	NRLX047511
FPPX008013	NRLX047512
FPPX008014	NRLX047513
FPPX008015	NRLX047514
FPPX008016	NRLX047515
FPPX008017	NRLX047516
FPPX008018	NRLX047517
FPPX008019	NRLX047518
FPPX008020	NRLX047519
FPPX008021	NRLX047520
FPPX008022	NRLX047521
FPPX008023	NRLX047522
FPPX008024	NRLX047523
FPPX008025	NRLX047524
FPPX008026	NRLX047525
FPPX008027	NRLX047526
FPPX008028	NRLX047527
FPPX008029	NRLX047528
FPPX008030	NRLX047529
FPPX008032	NRLX047530
FPPX008033	NRLX047531
FPPX008034	NRLX047532
FPPX008035	NRLX047533
FPPX008036	NRLX047534
FPPX008037	NRLX047535
FPPX008038	NRLX047536
FPPX008039	NRLX047537
FPPX008040	NRLX047538
FPPX008041	NRLX047539
FPPX008042	NRLX047540
FPPX008043	NRLX047541
FPPX008044	NRLX047542
FPPX008045	NRLX047543
FPPX008046	NRLX047544
FPPX008047	NRLX047545
FPPX008048	NRLX047546
FPPX008049	NRLX047547
FPPX008050	NRLX047548
FPPX008051	NRLX047549
FPPX008052	NRLX047550
FPPX008053	NRLX047551
FPPX008054	NRLX047552
FPPX008055	NRLX047553
FPPX008056	NRLX047554
FPPX008057	NRLX047555
FPPX008058	NRLX047556
FPPX008059	NRLX047557

ORIG CAR #	NEW CAR #
FPPX008060	NRLX047558
FPPX008061	NRLX047559
FPPX008062	NRLX047560
FPPX008063	NRLX047561
FPPX008064	NRLX047562
FPPX008065	NRLX047563
FPPX008066	NRLX047564
FPPX008067	NRLX047565
FPPX008068	NRLX047566
FPPX008069	NRLX047567
FPPX008070	NRLX047568
FPPX008071	NRLX047569
FPPX008072	NRLX047570
FPPX008073	NRLX047571
FPPX008074	NRLX047572
FPPX008075	NRLX047573

Dated: November 18, 1996

Debtor: NorRail, Inc.

By: [Signature]

Its: [Signature]

EXHIBIT "B" to Security Agreement dated November 18, 1996
(Loan No. 23167-702)

Lessee Name/Lease Schedule

^{+ RBY}
Barlett and Company
Railcar Operating Lease Agreement No. 1678
dated August 13, 1996
Schedule No 1 dated November 15, 1996

Railcar Description

All railcars described on Exhibit A to Security Agreement dated November 18, 1996 between Norwest Equipment Finance, Inc. as Secured Party and NorRail, Inc. as Debtor.

Dated November 18, 1996

Debtor NorRail, Inc.

By: 

Its: 

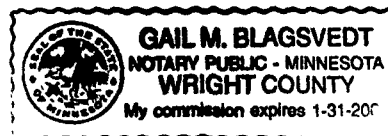
Corporate Form of Acknowledgment

State of MN
County of Wright ss.

On this 18th day of November, 1996 before me personally appeared,
Robert D. Johnson to me personally known, who being by me duly sworn, says that
he is the President of Northstar Inc, that the foregoing Security
Agreement was signed by him on behalf of said corporation by authority of its Board of
Directors, and he acknowledged that the execution of the foregoing Security Agreement
was the free act and deed of said corporation.

[Notarial Seal]

Gail M. Blagsvedt
Signature of notary public
My commission expires 1-31-2001



Corporate Form of Acknowledgment

State of MN
County of Carver ss

On this 20 day of November, 1996 before me personally appeared, Curtis Zoerhof, to me personally known, who being by me duly sworn, says that he is the Vice President of Norwest Equipment Inc., that the foregoing Security Agreement was signed by him on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing Security Agreement was the free act and deed of said corporation.

[Notarial Seal]

Judy Lynn Smith
Signature of notary public
My commission expires 1-31-2000

